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**WILLOUGHBY & HOEFER, P.A.**

ATTORNEYS & COUNSELORS AT LAW

930 RICHLAND STREET

P.O. BOX 8416

COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY  
JOHN M.S. HOEFER  
RANDOLPH R. LOWELL  
ELIZABETH ZECK\*  
BENJAMIN P. MUSTIAN  
MICHAEL R. BURCHSTEAD  
ANDREW J. MACLEOD

AREA CODE 803  
TELEPHONE 252-3300  
TELECOPIER 256-8062

TRACEY C. GREEN  
ALAN WILSON  
SPECIAL COUNSEL

April 7, 2010

\*ALSO ADMITTED IN TX

**VIA HAND-DELIVERY**

The Honorable Jocelyn G. Boyd  
Interim Chief Clerk / Administrator  
**Public Service Commission of  
South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: Suggested Allowable Ex Parte Communication Briefing Regarding Final  
Report on the Management Review Audit of Utilities, Inc.

Dear Mrs. Boyd:

This firm represents Utilities, Inc. ("UI").

As you are aware, at the request of the Office of Regulatory Staff ("ORS") the Commission heretofore authorized a management audit of UI, its five operating subsidiaries which are jurisdictional utilities<sup>1</sup> and Water Service Corporation ("WSC"). This audit, which was performed by Schumaker & Company pursuant to a procurement made by ORS, resulted in the issuance of the "Final Report on the Management Review Audit of Utilities, Inc." dated April 2, 2007 ("Management Audit"), which was filed on May 7, 2007, with the Commission by ORS in Docket Nos. 2004-357-WS, 2006-92-WS, 2006-97-WS, and 2006-107-WS as required by Commission Order No. 2006-284.

At the hearing held on March 24, 2010, in Docket No. 2009-479-WS, a suggestion was made that an allowable ex parte briefing under S.C. Code Ann. §58-3-260 could be given to address various aspects of the Management Audit. As UI understands it, the scope of the briefing suggested would be to address the recommendations made in the Management Audit with a specific view toward addressing the recommendations that (a) have been acted upon by UI, (b) are in the process of being acted upon by UI, (c) have not been acted upon, but would be considered for action by UI, and (d) will not be acted upon by UI. The further suggestion was

<sup>1</sup> These subsidiaries are Carolina Water Service, Inc. ("CWS"), Southland Utilities, Inc. ("Southland"), Tega Cay Water Service, Inc. ("TCWS"), United Utility Companies, Inc. ("UUC") and Utilities Services of South Carolina, Inc. ("USSC")

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made that this briefing should be conducted in advance of a hearings currently scheduled in Docket No. 2009-473-WS for May 19, 2010, and June 7, 2010.

UI is certainly willing to provide the Commission with the suggested briefing and welcomes the opportunity to do so. However, it is necessary that I call to the Commission's attention the fact that ORS is of the view that such a briefing would not be permissible because it would involve a fact, law or matter that is at issue in Docket No. 2009-479-WS and, therefore, cannot be conducted within twenty (20) business days prior to a hearing. *See* S.C. Code Ann. § 58-3-260(C)(6)(a)(vi) (Supp. 2007).<sup>2</sup> Although UI does not necessarily share that view, it understands that ORS participation in an allowable ex parte briefing is required. *See* S.C. Code Ann. § 58-3-260(C)(6)(a)(i) (Supp. 2007).

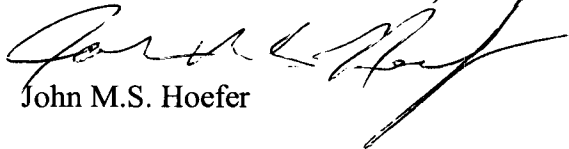
In view of the foregoing, UI believes that the only means by which the suggested briefing can be conducted is if it occurs after the Commission makes its determination in Docket No. 2009-479-WS, but at least twenty days before the hearings in Docket No. 2009-473-WS. This would necessitate that the hearings in Docket No. 2009-473-WS be rescheduled.

I will await your advice and instructions in connection with this matter. By copy of this letter, I am informing ORS and counsel of record for the parties in Docket Nos. 2009-473-WS and 2009-479-WS of this communication. It is my understanding that ORS will be corresponding with you about this matter.

If you have any questions, or need additional information, please do not hesitate to contact me. With best regards, I am

Sincerely,

**WILLOUGHBY & HOEFER, P.A.**



John M.S. Hoefer

JMSH/

cc: Nanette S. Edwards, Esquire  
Duke K. McCall, Jr., Esquire  
William H. Jordan, Esquire  
James W. Sheedy, Esquire  
Susan Driscoll, Esquire  
(all via electronic and U.S. Mail)

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<sup>2</sup> As UI understands it, ORS is of the view that the Management Audit is at issue in Docket No. 2009-479-WS because it has been the subject of testimony in that case UI and can reasonably be expected to become an issue in Docket No. 2009-473-WS. UI would note, however, that the Management Audit is not an order of the Commission and that neither UI nor its subsidiaries have any legal obligation to implement any of its recommendations.